

Montana Wind and Transmission Working Group Meeting summary, November 16, 2011

Montana Intertie

Brian Altman of BPA discussed the upcoming 2014 rate case workshops that will be considering potential elimination of the Montana Intertie rate. BPA agreed to hold these workshops as part of its decision in the 2012 rate case. The Montana Intertie rate (IM rate) is currently applied to 200 MW of capacity on the Colstrip line. BPA decided in the 2012 rate case to not eliminate the IM rate and a summary of the reasons for this are contained in the BPA 2012 rate case record of decision. BPA hopes that the upcoming workshops will be an opportunity for open dialogue that will lead to a group decision on the issue of eliminating the IM rate. Opponents of eliminating the IM rate have a primary concern that such an action could lead to a precedent for eliminating other inter agreements particularly the southern intertie.

Cameron Yourkowski of Renewable Northwest Project (RNP) commented that he agreed with everything from BPA. RNP believes that the rate is a barrier to Montana wind development to be cost competitive. Cameron stated that there are little similarities between the 2 interties (Montana and Southern). The recent termination of exchange provision by BPA meant a nearly 60% reduction on the IM rate. Cameron stated they are “looking for an agreement” to work out with IM rate elimination opponents.

Ray Brush of NorthWestern Energy (NEW) commented that all costs of the Montana Intertie are covered.

Colstrip Upgrade Project (CUP)

Ray Brush of NorthWestern Energy discussed the CUP project. He noted that NWE filed an amendment with FERC regarding upgrades/changes to the line under multiple ownership. The amendment allows for a single (partial) owner to make upgrades on their own. NWE continues to work with BPA on CUP. Serious Compensation is scheduled for January or February. Ed Weber from HDR asked if there was room for other players on the project but Ray said no, only owners. NWE wants to allow 3rd party to buy/use extra capacity. RSS studies, EIS and construction of the project is puts the project online in 2016, 2015 at the earliest. Brian Altman of BPA mentioned that an EIS does not have a quick turnaround Paul Cartwright asked if the upgrade could be approached in pieces as to expedite the EIS process and begin construction of some facilities at an earlier date. BPA response was not with how the system is structured. An overall EIS is necessary. Bill Pascoe addressed the concept of the upgrade being broken into 2 projects, posing the question, does the west happen without the east? The answer was no, because of the need for revenue coming in from the east. Brian stated that this project basically pushes the bottleneck further west, not eliminate it. The GASH project, a \$1 billion dollar project from Garrison, MT to Ash, WA, would eliminate the bottleneck.

Regional Transmission Expansion Project (RTEP) 10-year Plan

WECC released its 10 year plan in September. EPDD is participating as Tom Kaiserski sits on the WECC and WGA steering committees. Montana PSC Chairman Travis Kavulla is also participating. Tom mentioned that WECC forecasts an increase in demand over the next 10 years, states percentage of load for 2020, and 33,000 new MW of renewable energy due to RPS requirements. WECC looked at several scenarios that involved shifting 12,500 Gwh of lower ranking renewable power from California to remote generation sources containing high quality renewables and found that some states can provide cost competitive energy to California through DC lines. For example, the WECC analysis showed that the Chinook line would make Montana wind energy attractive, as it would save CA rates powers \$350 million/year.

Travis Kavulla made a presentation discussing the identification of congestion on the transmission system on Path 8 west from Montana into Idaho. He also discussed the foundational transmission projects identified in the 10-year plan.

Transmission Siting – Michael Doyle -Principal, Environmental Planning Group

Michael Doyle of Environmental Planning Group delivered a presentation on transmission siting. EPG recommends much stakeholder involvement, early and often, to be successful.

DOE proposed siting delegation to FERC

Tom Kaiserski mentioned the recent decision of the Department of Energy to not delegate additional transmission siting authority to FERC.

Open discussion on the path forward on renewable energy development in Montana

The meeting finished with an open discussion on the path forward on renewable energy development in Montana. Michael Doyle identified the transmission siting process in Arizona as the most effective in his experience in the West. Michael expressed concern with recent legal issues surrounding eminent domain in Montana as to its potential detrimental effect on siting transmission .